The CLEAR Registered Traveler Program

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"The Future of TSA's Registered Traveler Program"
before the Subcommittee on Economic Security, Infrastructure
Protection, and Cybersecurity of the Homeland Security
Committee

November 3, 2005

Statement of:

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Founder and CEO
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Chairman Lungren, Congresswoman Sanchez, and members of the Subcommittee, I want
to thank you for affording me this opportunity to sketch my vision of how a private sector
voluntary credentialing industry can and should develop in the coming months across the United
States and around the world– and to report on its first rollout, at the Orlando International
Airport. My name is Steven Brill. I am the Founder and CEO of Verified Identity Pass, Inc., the
company that created Clear, the first branded consumer product in the voluntary identity
credentialing industry. It is also the company that launched and now operates the private sector
Registered Traveler program at the Orlando International Airport, the first of its kind and now
the only existing Registered Traveler program in the country.

A Different, Private Sector Approach

Of course, since we began our company more than two years ago, my colleagues and I
have hardly been the only ones thinking about trusted or registered traveler programs at airports,
under which people could volunteer to be pre-screened and get a biometrically secure card that
would allow them expedited access through security. Many members of this committee and
others in Washington were on the same path.

But from the beginning our approach has been different in several crucial respects:

Most fundamentally, we did not believe this should be a government program. Yes, the
government should be responsible for the security vetting and threat assessments necessary for
such a program. But for several reasons we believed then, and now, that this should not be a
typical government program, wherein some contractor gets billions of dollars to create a new
bureaucracy.

First, government shouldn't necessarily pay for such programs. Our program is based on
the absolute principle that we are not seeking any government contracts or any government
subsidies at all. We believe that these programs should not cost the taxpayers a nickel.

Second, it is hard to imagine that the government could offer the efficiency, customer service, incentives for continual innovation, and privacy protections – about which I will talk more in a minute – that a robustly-competitive private sector industry could provide.

Third, many of the security bottlenecks, if not now in the future, are in venues that the federal government doesn't and shouldn't regulate, such as sports arenas or office buildings.

Fourth, one government program would mean that one data base could track people's movements.

The Orlando Program:

Thus, even as TSA was beginning the funding of its pilot projects at five airports across the country – an initiative we applauded, because it tested the concept and the technology of Registered Traveler – we began urging TSA that the logical follow-on to these pilots was a private sector program.

Unlike the five pilots, this program would test the marketplace.

Would customers buy such a program?

Would they like it?

Could the marketing be appealing in a way that did not exploit fears or the current necessity of bottlenecks?

Could privacy and security protections be put in place?

Would the system actually work?

Could the technology – never before tested on this scale – work so that people could have their biometrics captured efficiently and accurately at enrollment?

Would the card-presentation process at the security lanes work?

Would the program cause wait times at non-RT lines to be longer?

Last winter, TSA agreed to consider such a program and approved Orlando as the site of its initial launch. The Greater Orlando Aviation Authority then went through a competitive process to decide who the service provider would be. In June, Verified Identity Pass, along with its general contractor and equity partner, Lockheed Martin, won that competition against the contractors who had ably implemented the five pilot projects.

CLEAR's appeal to customers is based on price ($79.95 a year, which is at the low end of what our research said frequent flyers might pay), intense customer service, a money-back guarantee, and, of course, convenience. It was also based on creating a brand that customers would trust – something that we believed, and knew from extensive focus group research, was especially important because we were selling a service that had to do with both security and privacy.

Indeed, we approached the privacy issue aggressively, for two reasons. First, we believe in strong privacy protection. (I am a long-time, card-carrying member of the ACLU.). Second, in talking to prospective customers across the country, we knew that it mattered to them, a lot. Thus, among other things, we promised our CLEAR members – by contract in their membership enrollment --

Not to track where and when they use the card;

An identity theft warranty covering any costs they might incur if for some reason their identities were compromised by our program.

Not to do what I used to be able to do as a magazine publisher – sell or give their names to other marketers.

And we backed the promises by appointing an outside Independent Privacy and Security Auditor to issue public reports on how we are keeping these promises.

Orlando Results So Far:

We have now been operating CLEAR in Orlando for about three months. And we already have more than 10,000 enrollees. We are well on track with our business projections for getting more than 50,000 members in the first year of the program.

TSA has required the Orlando Airport to have us keep elaborate metrics of the first weeks of the program so that TSA can evaluate it. Here are some highlights:

It typically takes a CLEAR applicant about 15 minutes to complete the first phase of enrollment –which happens at home or in an office on their own computers, where they establish an account and provide basic personal identifying information.

It then takes them only another eight minutes at the Airport to complete in person enrollment at our enrollment stations – wherein they provide their identifying documents for verification, and then have their fingerprints and iris scans captured.

We would be glad to provide more details, but I can tell you that the number of technical glitches in capturing these biometrics or in authenticating people at the security lanes has been minimal to non-existent. And our members typically spent four seconds and never spend more

than three minutes waiting to go through security, whereas non-members often spent more than thirty minutes.

Thus, our customers are, to put it mildly, highly satisfied. We know that because as part of our customer service program every member who goes through the CLEAR security kiosks is given a self-addressed feedback post card. As you will see from the handout you have been given of copies of every one of the hundreds of post cards we have received (though with the names blacked out to preserve privacy), most love the program. The major complaint they have is that it is not in more airports.

Every week I call several of them myself to get my own feedback, and I can report that if these people are any indication, there are millions of people across the United States ready to sign up with us or our competitors.

That isn't just good news for us. It's great news for TSA and for everyone else – including non-enrollees -- who move through an airport.

Here's why:

First, our surveys of enrollees in Orlando indicate that they use just that airport 40 times a year. This means that they are super-frequent flyers. What that in turn means is that when we get to 40,000 or 50,000 enrollees -- and we will, especially once they can use the card at more airports – they will represent twenty to forty percent of the people using the Airport on any given weekday morning. That means that we will have eliminated a large, disproportionate amount of hay from TSA's haystack – 20-40% of the crowd that they will have to pay slightly less attention to so that they can concentrate on those whom they do not know.

With that in mind, let me mention how I think Registered Traveler fits with and complements a program like Secure Flight in a way that also helps TSA and the traveling public: If Secure Flight is established, anyone making a reservation who is a member of an RT program could provide his or her unique RT account number. The resulting boarding pass the person would get (online or at the airport) would have a highly visible "RT" on it, which would allow, and in fact require, that person use his card at the RT lanes at the Airport. At the same time, the person's reservation process would be exempt from the usual Secure Flight process, in which a threat assessment is presumably made each time the person books a flight. That's because a threat assessment has already been made by the RT program, an assessment that is continually updated by the RT process. So, the person would present his RT card and biometrics at the RT lane. This could mean that 20 or 30 or 40 percent of travelers, once RT grows, would not have to be in Secure Flight and, in fact, be going through a more secure process than Secure Flight, because the use of the biometric card always insures the proper identity.

And suffice it to say that until a program like Secure Flight is implemented, RT is the only process by which we can provide threat assessments that are more efficient than the current system. So either way – before Secure Flight or once Secure Flight happens – RT represents a significant enhancement of TSA's risk management efforts.

Second, RT programs, when they are operated correctly, can actually help move ALL passengers through the airport more quickly. The best analogy here is electronic toll collecting, or E-ZPASS as we call it in the New York area. Because E-ZPASS drivers move through the toll lanes faster than others, their lanes can absorb more cars – which means that the non-E-ZPASS drivers now typically contend with toll lines that are shorter than before E-ZPASS. Put simply, because of E-ZPASS everyone goes over the Triborough Bridge faster.

The trick here is to have the right proportion of lanes between E-ZPASS and non-EZPASS and when volumes dictate shift lanes. And so it will be with RT at the airports. So far, we have been the beneficiary of extraordinary on the ground cooperation with TSA leaders and staff in Orlando, who are constantly working with our CLEAR staff to give us a dedicated lane when we need it and share it when we don't. And we are employing elaborate traffic flow models so that we can tell TSA what those needs are likely to be at each checkpoint at any given time of day when we have 15,000 CLEAR members or 30,000, or 50,000.

So, that's the simple answer to the oft-asked question of what happens to RT members when the program gets so popular that their lanes get clogged: as with E-ZPASS you anticipate that and change the lane mix.

During busy hours our lanes now do move faster because CLEAR members are practiced customers who "know the drill" of going through security – and because we provide our own concierge at the lanes during busy hours to help them with removing laptops and the like, and getting the bins they need to put their materials through the X-Ray.

Going Forward:

I mentioned to you that insofar as we have customer complaints it is typically that they want the program at other airports.

There's another complaint: They also want benefits that go beyond the significant one of having their own line and lane – and not being subject to second screening. Business travelers, who often make reservations at the last minute or change flights, are frequently subject to being selectees, and they do appreciate this benefit. But they want and deserve more.

And if they don't get it, we can't promise to move them faster through their lanes – thereby providing the benefit to non-members of having our lanes absorb a disproportionate share of traffic. Our concierges help speed things, but ultimately we need more.

Think of it as a bargain. Prospective RT members are willing to give up some of their time to enroll and some of their money, plus some of their personal information (albeit less than they give a credit card company) in return for moving through security lanes faster. In return, TSA ought to be willing to give it to them, because this allows TSA to remove much of the hay from the haystack.

Fortunately, TSA seems to get it. Under Administrator Hawley, TSA has expressed a willingness to provide more. TSA has said in recent weeks in various forums that they are considering amending the Standard Operating Procedure at RT lanes, for example, to allow for members not to have to remove shoes or laptops or take off their suit jackets. Another change under consideration is allowing RT members to go through security without boarding passes, so that they can meet passengers at the gate or accompany them there, attend conferences in airline lounges, shop in these areas, or use kiosks at the gate to obtain boarding passes. We know many airports, including Baltimore Washington International Airport and Pittsburgh International Airport, would welcome this option.

I should add that those changes in the operating procedure at the lane can only be possible where a program is successful enough to have enough critical mass to allow for dedicated RT lanes without making the other lanes and lines more congested. After all, changing the procedure at a lane will be hard if not impossible if the lane is not dedicated.

Which is why pricing, privacy policies and customer service are important not just for us as a business but for the success of the program as a whole.

It is also why imposing any extra fees from the government or entities designated by the government beyond their actual cost needs to be prevented. A program that costs too much and scares people on issues of privacy will not attract enough members to make these benefits possible.

So, I am hopeful, especially now that TSA has had more than a month to study the metrics report they requested to evaluate the Orlando program, that we will soon hear a comprehensive plan for TSA that addresses these issues by implementing the risk management that has been so much a part of Secretary Chertoff's articulation of the Department of Homeland Security's urgent mission. I'm confident that this will happen, first, because TSA set the stage and incubated this new industry with its pilot projects, and, second, because I know that the leaders at the helm, whom I observed first hand for more than a year while writing my book, are forward-looking and determined to deliver on this kind of common sense approach.

We are also eager to play our part in speeding up the lanes. I already mentioned our concierge. But on top of that we have expressed a willingness, indeed an eagerness, to finance cutting edge new technology at our lanes that could speed people through at the same or better security levels. For example, if a certain new technology allowed people to go through without taking jackets off because it could identify explosives as well as threatening metal objects, but if that equipment was too expensive for TSA to roll out at this stage, we might finance it. And I can report that we are in discussions with a variety of airport security technology leaders to propose exactly that kind of RT lane enhancement at various airports.

That's what the private sector and free markets do: give incentives to people like us to invest in ways that give continuing, added value to our customers – especially when, in our case, our customers have annual "subscriptions" that we have to get them to renew every year.

Beyond its sponsorship of the pilot projects, TSA has already done much to make a national Registered Traveler program happen. In the agreement it worked out with the Orlando Airport for a plan of operations it insisted on highly specific but vendor neutral technical standards that clearly present a blueprint for programs beyond Orlando.

And TSA has already declared that any programs going forward must be interoperable with any others. That means that if someone with a card sold by a competitor of ours who operates a TSA-sanctioned program in, say, Chicago, shows up at the Orlando airport, we have to work with that competitor to figure out a way to recognize that card. A month ago I stood on a stage at the Airports Council International meeting in Toronto with our competitor from Unisys, which bid against us in Orlando. We both pledged that we would and could achieve that interoperability. Which we will because, just as it was in the interest of banks to figure out ATM interoperability, it is in our interest to do so. We'll also achieve it because TSA is going to require it.

Other groups, such as the American Association of Airport Executives, Airports Council International, and a group that we and other service providers recently began to organize, called the Voluntary Credentialing Industry Coalition, or VCIC, are now engaged in nailing down these interoperability standards. As long as TSA makes us do it and helps us to do it by providing the technical standards and the framework for the rules of the road, this is not going to be difficult, especially with the aid and encouragement of groups like AAAE and ACI.

Interoperability is not only logical and doable but is also a lynchpin of what the most important feature of this new industry ought to be: competition. If a competitor who operates an RT program at O'Hare Airport knows that, because all cards will be interoperable, he could also sell cards to travelers in Dallas where there might be a CLEAR program, then that person could set up shop in downtown Dallas and compete with CLEAR. That means we will always have to be worried about what I consider to be the three competitive aspects of the service, in this order: Privacy Protection, Pricing, and Customer Service.

So how do we go forward? Well, I can tell you that if TSA mapped a clear blue print for benefits to RT members and then allowed airports or airlines (where airlines control their own terminals) to present proposed programs for approval, we and our competitors would likely be rolled out at 30 or 40 of the 50 largest airports within six months. We and our partner and general contractor, Lockheed Martin, have already begun assembling teams to do that in anticipation of a go-ahead from TSA. I assume our competitors have, too.

This could ultimately mean eight to ten million frequent flyers enrolled in RT programs. And it would set the stage, once this critical mass is achieved, for this kind of credential to be recognized at other venues that now cannot do much about security because they have no way to manage risk other than searching everyone or searching no one. For example if a large percentage of business people in a city were enrolled in such a program, it might be possible for a sports arena to recognize the cards because twenty to forty percent of its attendees might have one. So it could initiate a security program to address those who don't have one.

With that in mind, I know the prospect of business people not waiting on line for a basketball game while everyone else does presents images of elitism. But another way forward for these programs that we are working on is the ability to charge little or nothing to people who have already been screened by some governmental entity and provided their biometrics. Thus, perhaps law enforcement officers, or firemen, or hospital workers, or hazardous materials truck drivers could have that card at little or no extra cost because they are already screened.

So what should Congress do? Well, first, Congress need not appropriate a dime. We believe strongly that TSA should charge us fully for its costs to supervise these programs and vet all applicants.

But Congress should encourage and support TSA as it moves ahead.

Then Congress and the executive branch ought set strict standards and keep a watchful eye on competition. Any rules or processes that inhibit competition, artificially raise costs, or threaten privacy should be avoided, so that costs will stay low, and critical mass, privacy protections and service levels will stay high.

And then, with all respect, Congress and the executive branch should stand back and let us compete.

Thank you for allowing me to appear today.